

issued security key can be validated. If the software cannot be properly activated and validated for any reason, it is then removed from the computer, not sold to the customer and destroyed.

21. L&Y appreciates Microsoft's efforts in making its genuine products easier to authenticate and validate, especially as an authorized OEM System Builder (For example, see attached "certificate of authenticity"). L&Y relies upon Microsoft's validation and activation steps to ensure that it is not inadvertently selling or providing inferior products that a customer could later have problems with upgrades, activation or support.

22. On March 22, 2007 an individual calling himself Mr. Richard Logue entered our retail operations center and requested a custom manufactured computer. Sangsoon Linton took the order (See attached Invoice 236980 dated March 22, 2007). Mr. Logue requested a custom manufactured computer with Microsoft XP Professional operating system and a used copy of Office Pro 2003.

I personally manufactured the computer for Mr. Logue and followed L&Y procedures. After a custom computer is manufactured, the software is installed. When the software includes Microsoft software, the computer is connected to the Internet and the Microsoft activation and validation process is performed. The purpose of this extra step is to ensure that only genuine Microsoft software is distributed to the customer.

The computer is then running a minimum of 4 to 12 hours (or longer). This step is called a "burn-in" and is a quality assurance step to verify that the hardware components will not be victims of "infant mortality."

When the customer comes to pick-up his completed computer, L&Y demonstrates to the customer that all of the hardware and software is operating and goes over a checklist of the included hardware and software.

All of these procedures were followed regarding Mr. Logue's computer. He left the computer in the store more than a week after it was completed and he was notified it was ready for pick-up. The Microsoft activation and validation processes were performed on this computer. I did not notice anything amiss and there were not any error messages from Microsoft. The Microsoft security key for the Windows XP operating system was MQ2VC CGTCT 9MK6K GHTK3 and the Microsoft security key for the Office Pro 2003 was M2B99 GDGGH 263XY 49KB2 8FTPQ.

Mr. Logue paid \$150.00 for the Windows operating system and \$125.00 for the used Office Pro 2003.

23. Upon information and belief, Mr. Logue was not a bona fide customer, but was an undercover agent for Microsoft seeking to identify sources of alleged counterfeit Microsoft products.

24. Had Mr. Logue been forthright and identified himself as an employee and/or agent of Microsoft investigating sales of alleged infringing Microsoft software, I would have fully cooperated with him in verifying sources of products and tracking alleged infringing products to their source. L&Y is an authorized Microsoft OEM System Builder. As such, L&Y has and would have cooperated fully with all Microsoft requests to identify and locate sources of alleged counterfeit software. Due to the deceitful manner in which Mr. Logue conducted his investigation, I was not given the opportunity to cooperate.

25. On April 22, 2008, an individual calling himself Mr. Reid O'Neil entered our retail operations center and requested two custom manufactured computers. Mr. O'Neil insisted upon custom manufactured computers despite being informed that comparable, factory built Dell computers would cost approximately one half the price. L&Y employee, Matthew Linton was the individual who dealt directly with Mr. O'Neil. Matthew assures me that all L&Y procedures were followed in supplying these computers to Mr. O'Neil, including

Internet Microsoft activation and validation. Mr. O'Neil requested two custom manufactured computers with Office Pro 2003. Because this software was no longer available through authorized Microsoft distributors, including D&H, Matthew offered to sell Mr. O'Neil alternative software, including the following: new Microsoft Office 2007, used Microsoft Office 1997, and used Microsoft Office 2000. Mr. O'Neil declined the alternate Microsoft products offered and demanded used Office Pro 2003.

Upon information and belief, Mr. O'Neil was not a bona fide customer, but was an undercover agent for Microsoft seeking to identify sources of alleged counterfeit Microsoft products. Mr. O'Neil's statements to Matthew were false, fraudulent and intended to induce distribution of abandoned Microsoft software that he knew or should have known was not available from D&H and/or any other authorized Microsoft distributor.

26. Had Mr. O'Neil been forthright and identified himself as an employee and/or agent of Microsoft who was investigating sales of alleged infringing Microsoft software, I would have fully cooperated with him in verifying sources of products and tracking alleged infringing products to their source. L&Y is an authorized Microsoft OEM System Builder. As such, L&Y has and would have cooperated fully with all Microsoft requests to identify and locate sources of alleged counterfeit software. Due to the deceitful manner in which Mr. O'Neil conducted his investigation, I was not given the opportunity to cooperate. Further, had Microsoft not abandoned and secreted its Office 2003 Professional product, Mr. O'Neil would have received a copy of Office Pro 2003 L&Y's customary source for Microsoft products, D&H.

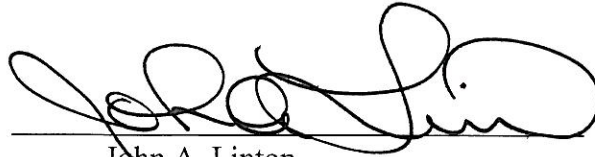
27. L&Y sold Mr. O'Neil two used Office Pro 2003 products for a price of \$125.00 each (\$250.00 total for both). L&Y obtained one copy of Office Pro 2003 as a customer trade-in. The customer trade-in was an extra copy of Office Pro 2003 the customer had purchased from Dell Computer. The customer provided the software to L&Y in

unopened, shrink wrapped packaging sealed with a Microsoft sticker. The exterior seal contained a Microsoft security key. The second copy of Office Pro 2003 that L&Y provided to Mr. O'Neil was obtained from Amazon.com seller identified as MR_Odowd. This second copy of Office 2003 Professional arrived from Amazon.com in unopened, shrink wrapped packaging sealed with a Microsoft sticker. The exterior seal contained a Microsoft security key. The cost for this second copy was \$111.99 (*i.e.* L&Y made a profit of \$13.01).

28. L&Y has a valuable and positive reputation with its customers and in the Woodbridge, Virginia community. L&Y would never risk its reputation for a profit of \$13.01 or even \$26.02.

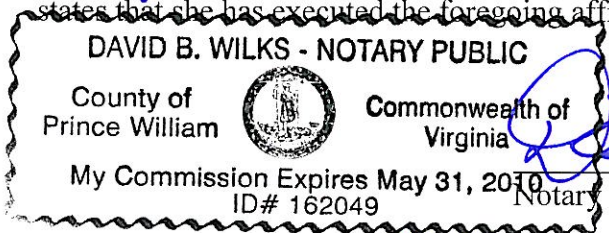

29. It is my understanding that both the Microsoft OEM System Builder License and the End-User License Agreement limit L&Y's liability to the customer in the amount of the purchase price the customer has paid to L&Y for the software.

I SOLEMNLY AFFIRM under the penalties of perjury that the contents of the foregoing Affidavit are true and correct.


John A. Linton

COMMONWEALTH OF VIRGINIA
COUNTY OF Prince William

SWORN TO AND SUBSCRIBED BEFORE ME, this 14th day of July, 2008, by JOHN A. LINTON, who after being sworn, deposes and states that she has executed the foregoing affidavit for the purposes therein stated.


DAVID B. WILKS - NOTARY PUBLIC
County of Prince William
Commonwealth of Virginia
My Commission Expires May 31, 2010
ID# 162049

Notary Public

My Commission Expires: 5/31/2010